

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | PHILIP Y. BROWN, ESQ. | JOHN B. LANGAN | JAMES M. MACHADO | DONALD R. MARQUIS | ROBERT B. MCCARTHY

MEMORANDUM

TO: Brockton Retirement Board
FROM: Joseph E. Connarton, Executive Director
RE: Appropriation for Fiscal Year 2016
DATE: October 21, 2014

Required Fiscal Year 2016 Appropriation: **\$19,289,967**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2016 which commences July 1, 2015.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2016 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was developed by Buck as part of their January 1, 2014 actuarial valuation.

The current schedule is/was due to be updated by Fiscal Year 2017.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446 Extension 921.

Attachments

cc: Office of the Mayor
City Council
c/o City Clerk



Brockton Retirement Board

Projected Appropriations

Fiscal Year 2016 - July 1, 2015 to June 30, 2016

Aggregate amount of appropriation: **\$19,289,967**

Fiscal Year	Estimated Cost of Benefits	Funding Schedule (Excluding ERI)	ERI	Total Appropriation	Pension Fund Allocation	Pension Reserve Fund Allocation	Transfer From PRF to PF
FY 2016	\$32,681,292	\$19,217,531	\$72,436	\$19,289,967	\$19,289,967	\$0	\$13,391,325
FY 2017	\$33,475,150	\$20,000,027	\$72,436	\$20,072,463	\$20,072,463	\$0	\$13,402,687
FY 2018	\$34,288,322	\$20,814,720	\$72,436	\$20,887,156	\$20,887,156	\$0	\$13,401,166
FY 2019	\$35,121,279	\$21,662,947	\$72,436	\$21,735,383	\$21,735,383	\$0	\$13,385,896
FY 2020	\$35,974,501	\$22,546,104	\$0	\$22,546,104	\$22,546,104	\$0	\$13,428,397

The Total Appropriation column shown above is in accordance with your current funding schedule and the scheduled payment date(s) in that schedule. Whenever payments are made after the scheduled date(s), the total appropriation should be revised to reflect interest at the rate assumed in the most recent actuarial valuation. Payments should be made before the end of the fiscal year.

For illustration, we have shown the amount to be transferred from the Pension Reserve Fund to the Pension Fund to meet the estimated Cost of Benefits for each year. If there are sufficient assets in the Pension Fund to meet the Cost of Benefits, this transfer is optional.

Breakouts

	<u>Total</u>	<u>All Others/City of Brockton</u>	<u>Brockton Redevelopment Authority</u>	<u>Brockton Housing Authority</u>	<u>Brockton Area Transit</u>
(1) Participants					
(a) Actives	1,730	1,655	6	64	5
(b) Retirees and Beneficiaries	1,075	1,027	4	44	0
(c) Vested	0	0	0	0	0
(d) Inactive (Refund)	394	389	1	3	1
(e) Disabled Retirees	<u>186</u>	<u>183</u>	<u>1</u>	<u>2</u>	<u>0</u>
(f) Total	3,385	3,254	12	113	6
(2) Payroll of Active Participants	73,756,821	69,675,322	356,475	3,363,153	361,871
Percent of Total Payroll	100.00%	94.47%	0.48%	4.56%	0.49%
(3) Normal Cost					
(a) Total Normal Cost	10,817,393	10,338,921	72,869	375,181	30,422
(b) Expected Employee Contributions	6,420,391	6,078,086	32,296	280,962	29,047
(c) Administrative Expenses	<u>680,000</u>	<u>649,922</u>	<u>4,581</u>	<u>23,585</u>	<u>1,912</u>
(d) Net Employer Normal Cost (a) - (b) + (c)	5,077,002	4,910,757	45,154	117,804	3,287
(4) Actuarial Accrued Liability	529,526,217	505,848,624	1,251,926	20,908,626	1,517,041
(5) Assets*	<u>355,691,316</u>	<u>345,817,232</u>	<u>499,787</u>	<u>8,347,025</u>	<u>1,027,272</u>
(6) Unfunded Actuarial Accrued Liability (4) - (5)	173,834,901	160,031,392	752,139	12,561,601	489,769
(7) Amortization of unfunded accrued liability	13,142,460	12,098,872	56,864	949,696	37,028
(8) ERI	69,701	0	0	69,701	0
(9) Total Required Employer Contributions (3d) + (7) + (8)	18,289,163	17,009,629	102,018	1,137,201	40,315
(10) Fiscal 2015 Cost	19,289,967	18,037,764	102,688	1,100,962	48,553
(11) Fiscal 2015 Cost - Assuming late payment for Housing	19,334,005	18,037,764	102,688	1,145,000	48,553
(12) Percentage of total	100.00%	93.51%	0.53%	5.71%	0.25%
2016 Normal Cost	5,229,081	5,057,856	46,507	121,333	3,385
2016 ERI	69,702	0	0	69,702	0
2016 Amortization of unfunded accrued liability	13,261,691	12,208,635	57,380	958,312	37,364
(13) Fiscal 2016 Cost	19,289,967	17,945,220	107,963	1,194,436	42,348
(14) Fiscal 2016 Cost - Assuming late payment for Housing	19,337,744	17,945,220	107,963	1,242,213	42,348
(15) Percentage of total	100.00%	93.03%	0.56%	6.19%	0.22%

* Allocation of assets based on the ratio of the Actuarial Accrued Liability, adjusted by a credit of \$143,875,163 for the City of Brockton and the 1/1/2008 transfer of assets for the BAT of \$264,995. See page 22 for more detail on this allocation.